

October 23, 2001

WHAT WE KNOW ABOUT WELFARE REFORM IN CALIFORNIA

On October 25, 2001 the US Department of Health and Human Services will conduct a "listening and discussion session" in San Francisco to solicit input about the reauthorization of the Temporary Assistance for Needy Families (TANF) block grant in 2002. As background for this event, the CBP offers the following information on welfare reform in California.

THE NUMBER OF FAMILIES ON WELFARE HAS DECLINED MUCH FASTER THAN THE POVERTY RATE

- The number of families on welfare in California has fallen from 932,345 to 521,916 (44 percent) from the peak in March 1995 to February 2001.
- The poverty rate in California has fallen much less, from 16.7 percent in 1995 to 12.9 percent in 2000.
- As the California economy continues to deteriorate, the poverty rate will likely increase, as will the number of families who use welfare.

CALIFORNIA SPENDS AVAILABLE FEDERAL AND STATE FUNDS FOR CALWORKS

- California has spent 96.1 percent of all federal TANF funds it has received since federal fiscal year 1997. California receives an annual block grant of \$3.7 billion.
- TANF funds are combined with \$2.7 billion in state maintenance of effort (MOE) dollars to fund cash assistance, child care, employment services, and related expenditures.
- Counties spent essentially all (97.6 percent) of the \$1.7 billion in "single allocation" funds in the state fiscal year ending June 30, 2001. These are combined federal and state funds that counties use for employment services, child care, and administration.
- Counties spent nearly all (90.3 percent) of the \$109 million in funds they received to provide mental health and substance abuse services to CalWORKs recipients in state fiscal year 2000-01. This represents a much higher level of spending than in previous years.

THOSE WHO LEAVE WELFARE WORK AT LOW WAGES

- Slightly more than half of former welfare recipients ("leavers") are working, according to available evidence in California. It is unclear how other recipients make ends meet.
- The average employed leaver is paid about \$9 an hour in Napa, San Mateo, Santa Clara, and Santa Cruz Counties. Many of these former recipients are not working full-time, and it is unknown how much leavers in other counties earn.
- Studies indicate that many leavers do not receive the work supports for which they are eligible, such as food stamps, Medi-Cal, child care, and the federal earned income tax credit (EITC).
- The CBP estimates that the high cost of living in California indicates that an adult needs to earn the equivalent of a full-time hourly wage of \$20.89 to meet the basic costs of raising two children in California without the support of public programs.